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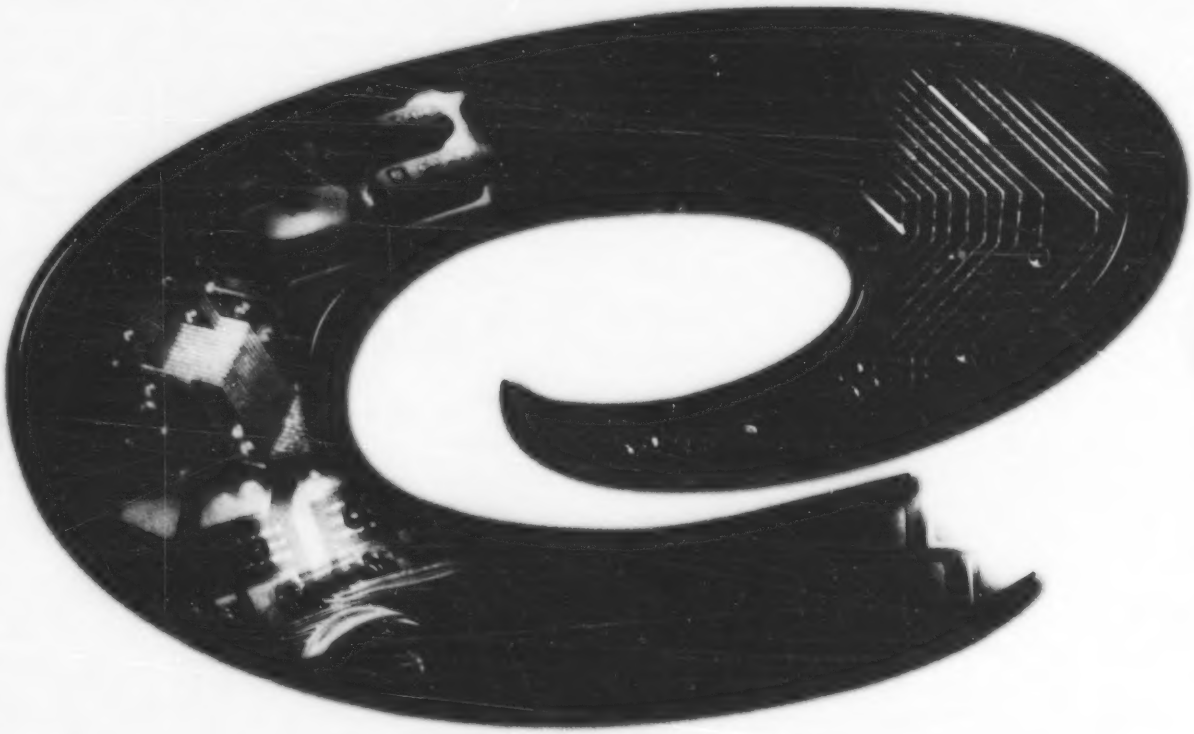
E-Business in Atlantic Canada:

The Knowledge Economy in Action



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E-Business
in Atlantic Canada:
The Knowledge Economy in Action

Foreword

To be successful, businesses need to connect, and connect quickly – with their suppliers, with their customers, and with any person or organization that might help their firm buy, sell and manage more cheaply and efficiently. There will always be times when the telephone or face-to-face contact will be the best way for people to communicate. Seeing human faces and hearing human voices are part of doing business.

None of that diminishes the value of the Internet. Everywhere, people are talking about how "electronic commerce" is revolutionizing business. But what does it really mean, and why is it important for Canadian companies to get on board?

The fact is that many smart Atlantic Canada firms, like those whose stories are told in this booklet, are using the Internet to increase communication and interaction among people – their employees, their suppliers, their partners and their customers. Here are just a few of the benefits:

- Improving customer service, and increasing market share, by providing new avenues for promotion and distribution outside of the local market. By responding more quickly to orders. By offering more responsive after-sales service. By giving customers a quick way to provide feedback on your products and services.

- Cutting costs and saving time by improving internal processes. By cutting down on meetings. By sharing information more quickly. By eliminating endless trails of paper. By assuring that internal communications are clear.

- Cutting costs and saving time by improving the quality of supply chain management. By integrating back-end production and logistics with front-end marketing and sales. By letting computers and software do most of the work in controlling inventory.

The Internet is a cheap and efficient business tool. The Net's gift is that it cuts through time and distance. It allows "real-time" transmission of data, voice, audio and video – to anywhere, from anywhere. Read on to find out what e-business has done for 24 companies in Atlantic Canada, as they tell their own stories about success with electronic commerce.

To learn more about the federal government's Connecting Canadians initiative, including programs to help people, communities and businesses connect to the Internet and succeed in the knowledge-based economy, go to http://www.connect.gc.ca, or call 1-800 O Canada.

Atlantic Blue Cross Care gets into e-commerce

CHALLENGE: *To keep pace with developing technologies in order to provide health care benefits customers with the most advanced services and products possible in the most cost-effective way.*

SOLUTION: *Development of a sophisticated web site that provides pertinent information, protects customer confidentiality, and allows for real-time transactions.*

ATLANTIC BLUE CROSS™ Care

Atlantic Blue Cross Care, formed in 1998 by Blue Cross of Atlantic Canada and Maritime Medical Care, has been a leader in providing health benefits to Atlantic Canadians for more than 50 years.

Whether for individual plans for health, life, dental and vision benefits, company group benefit plans or health coverage for travelers, Atlantic Blue Cross Care has become a household name for medical expenses not covered by provincial government programs.

The organization became involved in e-commerce long before the word was even used, largely because it needed to process as many as 40 000 drug claims from pharmacies every day. Since the 1980s, that information has been transmitted over private networks and DATAPAC, a precursor to the Internet.

In 1996, as technology developed, Atlantic Blue Cross Care, with major locations in Dartmouth, Nova Scotia and Moncton, New Brunswick, and seven branch offices throughout the Atlantic provinces, set up a web site. "The success and acceptance of our claims e-commerce initiative led us to believe that we could expand e-commerce to take advantage of the Internet," says Harry Steeves.

The web site has three essential functions. The first is to provide information on plans and products to four distinct user groups: the general public, potential customers and individual cardholders; health care service providers (such as pharmacists, dentists and optometrists); administrators of company group benefit plans; and agents or brokers, including general and travel agents.

Once in the web site, each specific user group can enter its secure area by logging on with an assigned identification code and password, for information on new products, premium changes, and so on. "It's a much quicker way of communicating," says Harry Steeves, "and it's a service that's available 24 hours a day, seven days a week."

The second function is simple business transactions, where user groups can requisition enrolment forms, brochures and other products, if necessary. Previously, they would have telephoned or sent a letter or fax to make the request.

The third and most recently launched function of the web site is "real-time transactions", where company group administrators submit enrolment data electronically. Paper forms, normally complex, have been simplified on-line. The administrator is asked up front what he or she wants to do (for example, add a new dependent to someone's plan), and then is shown only the fields necessary to complete the task.

"E-commerce has allowed us to provide a whole new level of customer service."

Harry Steeves
Director of IS Architecture
Atlantic Blue Cross Care

"We used to send employees out in the field to train people to fill out those forms," says Steeves. "We'd get the forms back and often we couldn't read the handwriting or information was missing. Now the information is input directly into our system and there are fewer errors. Real-time interface translates into better customer service. It's as simple as that," he says.

The feedback from users has been positive. Roughly 850 companies (or one third of Atlantic Blue Cross Care group planholders, representing around 70 per cent of total volume) have now signed on to use the service, which is available in both of Canada's official languages.

On the claims adjudication side, on-line connectivity to 98 per cent of pharmacies means that prescription drug claims are now processed within seconds. Atlantic Blue Cross Care also pays claims electronically, by direct deposit. This has represented a major savings to the organization. Only individual cardholders still receive their cheques the traditional way, by mail.

Atlantic Blue Cross Care has also set up "Quick Pay centres" in eight locations throughout the Atlantic region. A cardholder can walk out of a dentist's office and into a Quick Pay centre and be reimbursed for a claim immediately. "I believe we're the only people in Canada offering that level of service," says Steeves.

Technology has also allowed Atlantic Blue Cross Care to compete on a national scale, for example, for programs run by organizations such as Veterans Affairs Canada. "We would never have been able to do that without these information systems," says Steeves.

Overall, on-line technology is not reflected yet in the organization's bottom line, mainly because some services (such as the provision of information on plans) are still provided in traditional ways. There's no doubt, however, that e-commerce technology has revolutionized customer service. "For us, e-commerce is a cornerstone of our future business development," says Steeves.

Atlantic Blue Cross Care
Moncton, New Brunswick
Telephone: (506) 867-4443
Facsimile: (506) 867-4651
E-mail: harry.steeves@atl.bluecross.ca
Web site: www.atl.bluecross.ca

Keeping customer loyalty by keeping up with the times

CHALLENGE: *To maintain traditional values of customer service based on trust and good will, yet also have your customers recognize your efforts to keep pace with today's marketplace.*

SOLUTION: *A web site that allows customers to move from phoning and faxing in their orders to doing it on-line, in a way that retains the old-fashioned values for which the company is known.*

Belbin's Grocery in St. John's, Newfoundland hasn't changed much since it was first established in 1943. Although floor space has tripled recently to 3500 square feet, the company still employs only 14 people, and sells itself on traditional values such as quality products and customer service.

A visit to the store will reveal no scanning equipment, no bar coding, no fancy cash registers and no computers. Pricing, packaging and ordering are done the old-fashioned way.

The company has, however, made one change. For more than 50 years, customers have phoned in their weekly orders. Now, they can use the World Wide Web to do so.

"When you're a one-store operation, with no big network of stores to help with advertising, people assume that you can't compete on price," says Robert Belbin. "Having a web site has helped people realize that we're keeping up with the times."

Ten years ago, the company put in a fax machine to allow customers to send in their weekly list. The order was prepared by Belbin's staff, and delivered for a low fee. One Belbin's delivery man was reportedly so popular that he had a key to some regular customers' homes, and was asked to enter and even put away the groceries when they weren't there.

"The fax system worked well but the excitement had worn off," says Belbin. "Three or four years ago, I was looking for something to replace the excitement when a local fellow called and offered to set us up on the Internet."

The company has since established a web site which not only provides company history, favourite recipes and information on weekly specials, but also allows customers to place their order on-line.

Twenty-five per cent of the grocery store's business came traditionally from phone or fax orders, usually placed by senior citizens or busy working couples who wanted their groceries delivered. Now, 40 per cent of orders are coming through the web site. People input their master grocery list; once a week, they return to the site and check off items for that week's order.

"The web site has achieved what we had hoped it would," says Belbin. "People realize that the grocery store where they shop is on the cutting edge."

Belbin's was later approached by a national company looking to establish an on-line North American network of grocery stores. Belbin's agreed to participate in the Peachtree Network, although there are still a few things to be worked out.

"People would place their order on the Peachtree site but then call us to see if we received it." says Belbin. Customers seem to prefer Belbin's own site.

"It's difficult to have your prices on the Internet because they have to be updated every week," says Belbin. The Belbin site doesn't even list prices. "In St. John's, our name is synonymous with honesty and good products. People know when they order that the prices will be reasonable."

The bottom line – it's difficult to duplicate on a continent-wide basis the customer loyalty that Belbin's has spent half a century developing in St. John's.

The investment for the company to begin using e-commerce has been minimal: $750 to set up the site, $500 per year to keep it going. The work is done by an outside firm which receives orders, literally around the clock, and faxes them over to the Belbin's store. The company has no immediate plans to change the system.

"It's been very positive for us," says Robert Belbin. "Perception is very important. The web site has helped customers realize that we're really a blend of the old and the new."

Belbin's Grocery Ltd.
St. John's, Newfoundland
Telephone: (709) 576-7640
Facsimile: (709) 576-2227
Web site: www.belbins.com

"When you're a small company and still doing business the way your grandfather and father did 50 years ago, there's a public perception that you're an old-fashioned type of business that is probably not competitive with newer stores. Having a web site has helped people realize that we're keeping up with the times."

Robert Belbin
Co-owner, Belbin's Grocery Ltd.

Never too busy to learn

CHALLENGE: *To offer courses that are reasonably priced and available to students in a wide geographic area, as well as being cost-effective for a private-sector training institute to run.*

SOLUTION: *Development of a virtual school where students can take courses on-line at a fraction of the price that they'd pay in a classroom setting.*

Founded in Greater Moncton in 1990, BKM Research & Development Inc. was one of the first private-sector training institutes in Atlantic Canada.

The mission of BKM is to develop courses that respond to labour market needs. The focus is individualized training, based on a philosophy that individuals learn in different ways and that complex issues can be taught successfully if they are broken down into small pieces.

At the beginning, BKM staff taught in traditional classroom settings. But before long, developing information technologies had everyone talking about computer-based training, which initially meant students learned from a CD-ROM rather than a textbook.

From there, it was a short leap to Internet-based training. "For us, computer-based training didn't seem like good economics," says Charles Levasseur. "You still needed the classroom and the computer infrastructure, and every student had to have a CD in their hand. On-line training is turning out to be much more cost-effective, for both the student and for us." And moving out of the classroom and onto the Internet has even expanded company markets.

BKM's main on-line product is the Microsoft Office User Specialist (MOUS) course which readies students for the MOUS certification given by Microsoft. Already working in Jamaica, BKM is now doing on-line training with 700 high school teachers in Missouri in the United States. And BKM's course content has recently been recommended by the Ontario Curriculum Clearinghouse for use in high school classrooms in that province. It is the first company to offer certified on-line courses in the Canadian high school market.

"At first we asked ourselves, 'where can we develop markets in New Brunswick?' Then it was the Maritimes, and then even places like Jamaica were interested in us. Now, with e-commerce, we realize that the sky is the limit," says Levasseur.

Students can log on using a password and user name given to them by BKM and take a course at a cost of less than $200, compared to thousands of dollars for the same course in a classroom setting.

"On-line learning is convenient for those who don't have a lot of time. It's also available to people who can't travel to the larger centres," says Levasseur. The actual certification is still done at an authorized testing centre, largely because technology has not yet been developed to detect on-line cheating.

While putting courses on-line seems almost routine today, it was only a few years ago that it became mainstream as a result of BKM's Virtual Studio© application, which has since been licensed and marketed to other companies. BKM also developed the Virtual Instructor©, which encourages interactive learning between students and instructors.

The company has just developed another tool, a "virtual registrar" called Education Information System (EIS) which will track an individual student's learning experience on-line. The company plans to share the application in private-public partnerships with institutions and companies interested in offering face-to-face and/or on-line courses.

The three components of BKM's on-line offerings are designed to work together to maximize the learning experience as well as to support the students throughout their learning experience.

Despite the efficiencies attached to on-line learning, BKM will probably keep the mix of classroom and virtual learning. "The most important thing is that we maintain educational integrity based on solid educational principles," says Levasseur.

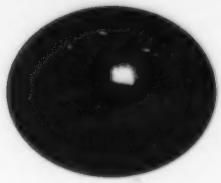
"On-line learning is very convenient for busy people because you can study virtually anywhere at any time. It's also very economical. That's why the training world is turning to the Internet."

Charles Levasseur
Vice President of Technology and Information Systems
BKM Research & Development Inc.

"We'll always offer a classroom setting because some people want that face-to-face contact. But the Internet has allowed us to do things that we never imagined at the beginning."

BKM Research & Development Inc.
Dieppe, New Brunswick
Telephone: (506) 857-9620
Facsimile: (506) 852-3728
E-mail: solutions@bkm.ca
Web site: www.bkm.ca

Making consumer privacy a priority



CHALLENGE: *To provide customers with 24-hour service, seven days a week, as a start-up company located in a rural area of Atlantic Canada.*

SOLUTION: *Development of a web site that is user-friendly and that allows customers to order on-line and have products delivered almost anywhere in the world.*

Canada Creek Tea Merchants Inc. is living proof that even small, family-owned companies have something to gain from e-commerce. In 1995, Pinder Jammu and her brother Dilpreet launched a specialty tea company located in Kentville, Nova Scotia.

In the beginning, sales barely extended beyond Nova Scotia's Annapolis Valley. The company depended on trade fairs to promote its products and meet customers face-to-face. But in 1998, Dilpreet Jammu decided that the company should go on-line. "Being able to provide our customers with 24-hour, seven-days-a-week service was one of the key drivers for using e-commerce," he says.

The company's web site provides tips such as how to brew tea and how to 'troubleshoot' your tea. Visitors can access recipes and gift ideas, and even sign up for a free electronic newsletter. They can order on-line (gift baskets are increasingly popular), pay in Canadian or US dollars, and have their order shipped almost anywhere in the world. Orders can be taken for both retail and wholesale purchases.

But ordering on-line is only part of the picture. "The objective is really customer retention," says Dilpreet Jammu. "Our website is cross-promoted in other venues, such as trade shows. That's why the focus is on ease of use: information (how to do things, frequently asked questions, etc.), speed of download, few graphics and lots of text, and an emphasis on privacy and simple navigation."

The benefits for the company have been obvious. Long-distance telephone and fax costs have been cut substantially through the use of e-mail. The company is tapping into markets via the Internet that it would never have reached otherwise. Sales increased by eight per cent in the first year. "I've been amazed at how powerful the Internet really is," says Pinder. Security was probably the biggest initial challenge. After extensive research, the company set up a system using two secure servers in order to avoid all information about a particular customer being concentrated in one location. The customer fills out an order form with basic information (name, address) on the primary server, located in a North American city; credit card information is given on a secondary server. "Security was really our number one issue," says Pinder. "We wanted our customers to feel safe."

The company also offers a variety of options for paying, including payment on-line, faxing credit card numbers, calling a toll-free number or payment by mail. It expects to move to a single server as technology develops. The company has a strict privacy policy, elaborated on-line, which includes not selling its mailing list.

Both owners maintain that it's not enough to just put up a web site. The site has to be continually promoted. Canada Creek's web address now goes on all company packaging and promotional material, from the sign at the door, to the kiosk sign at trade shows, to each individual box of tea. "We can track patterns. After a trade show, hits to our web page will go up by 2000 per cent," says Pinder. "More and more, we get inquiries from people drinking our tea on their lunch break at work."

Costs involved have been minimal, largely because Dilpreet had the technical know-how to set up the page himself. "I did all of the design and programming myself. My Internet Service Provider (ISP) provides both the web server and the Internet service for a flat monthly fee. The cost is very low," he says. Dilpreet, in fact, does the ongoing maintenance and updating of the site from his home base in Colorado, USA. Another benefit for the company: the owners don't have to be together to work together.

The next challenge is to computerize the link between on-line orders and the company's inventory management system. "Orders are still downloaded manually. That's our missing link right now," says Pinder. An even bigger challenge, perhaps, is to convince other companies like their suppliers to go on-line. "It's amazing how many small businesses are still not using the Internet. It's such an inexpensive way to communicate," Pinder Jammu says.

"The web is becoming accepted as a medium of choice and convenience", notes her brother Dilpreet. "As Internet penetration increases and consumer confidence grows, e-commerce will become more important in retail distribution systems."

> "When we developed our site, we expected that the reach through the Internet would eventually be greater than through any other medium. I think we're finding that to be the case."
>
> Dilpreet Jammu
> Co-owner, Canada Creek Tea Merchants Inc.

Canada Creek Tea Merchants Inc.
Kentville, Nova Scotia
Telephone: (902) 678-6490
Facsimile: (902) 678-0358
E-mail: service@cctm.com
Web site: www.cctm.com

Selling on-line... learning on-line!

CHALLENGE: *To offer your services to a larger market in order to expand a successful computer training firm providing classroom instruction in New Brunswick.*

SOLUTION: *Launching a sister company that offers the same training on-line to potential corporate and government clients around the world.*

Advanced Training & Services (ATS) Inc. was incorporated in 1994, and is now one of New Brunswick's leading computer consulting and training companies.

With 46 employees, a 40 000 square foot training centre in Saint John and a second location in Fredericton, the firm provides instruction in computer training and application development in Microsoft Windows and UNIX environments. Clients include federal and provincial government departments, as well as corporations both large and small.

In June of 1998, ATS did what many would consider the logical next step. It formed a sister company to offer the same training on-line. "Our challenge," says Corey Stephen, "was to market ourselves world-wide. The Internet is obviously the most viable means."

A feature appreciated by government and corporate clients is the firm's state-of-the-art course management software, which tracks a student through the process. It lets the employer monitor how long the student is taking to complete a module, what marks he or she is getting, and even what questions that person asking along the way. "For governments and corporations, it's the best bang for their buck," says Stephen.

With a staff of 14, CertifyOnline.com now has 200 government-employed individuals as well as employees of half a dozen corporate clients taking courses on-line. It recently landed a large training contract with the Brazilian government. "E-commerce is really just starting in that country," says Stephen. "We'll be helping to train their trainers."

"Getting known to clients is a slow process," says Stephen. "It's expensive to give out free advice, but it gives us an idea about the problems people are having today so that we can design courses for tomorrow." The company web site registers about 300 visits a day from the United Kingdom alone.

Stephen believes that web sites must be changed constantly to be successful. "You have to continually update and refresh your site. It's important for credibility. And given the way search engines work, active sites will always come out on top," he says.

"Most companies agree that e-commerce will continue to grow rapidly into the new millennium," he adds. "CertifyOnline.com will focus on new technologies such as portable devices, Java rings, ibuttons and smart cards to make sure that our e-commerce is secure."

"We were looking at expanding our services into markets other than New Brunswick. The World Wide Web has been the obvious way to go."

Corey Stephen
Marketing Director, CertifyOnline.com

CertifyOnline.com
Saint John, New Brunswick
Telephone: (506) 674-9766
Facsimile: (506) 635-1821
E-mail: info@certifyonline.com
Web site: www.certifyonline.com

That sister company, CertifyOnline.com, offers on-line training in Java, PowerBuilder, Jini and Smart Cards. It offers distance education with a personal touch; each student is assigned a lead instructor. It is also completely interactive. A team of certified instructors is available in a virtual classroom for immediate on-line assistance – seven days a week, 16 hours a day. They can also be reached by e-mail with problems or questions from clients.

Courses are offered in modules, with constant on-line testing to prepare the student for certification (for example, to write the Java Programmer Certification Exam). Visitors to the site can even try out the first three modules of the 10-module Java Programmer's course for free.

Setting up was a major investment – it cost about $400,000 to develop the company's on-line systems, including course development – but the company broke even just in the first year. This is not a small feat in the world of small business. "We were quite pleased," says Stephen.

The firm has a unique way of marketing itself. Company instructors jump into Java news groups on-line, where people discuss problems they are having, and offer to help.

Fresh from the Atlantic, delivered to your door

CHALLENGE: *To expand markets and reach customers directly while maintaining wholesale distribution channels.*

SOLUTION: *A well-designed interactive web site that allows customers, for the first time, to order lobster and other premium seafood directly from the company.*

Clearwater Fine Foods Inc. is one of Atlantic Canada's oldest and best-established seafood companies. The Halifax-based, vertically integrated firm has harvested and processed live lobster and other premium shellfish for the past 23 years, and shipped it wholesale to customers such as high-end restaurants in North America and around the world.

Until recently, it did not sell products directly to consumers. That changed in early 1999 when the company decided to upgrade its web site – established in 1995 as a kind of electronic brochure – into a fully functional e-commerce solution.

"For us, e-commerce was a way of opening up an alternative channel of distribution," says James Davison.

Working with an outside firm, Clearwater researched a variety of technologies to develop a site that would be both user-friendly and interactive. Customers, including corporate clients, can now order live lobster to be shipped almost anywhere in the world.

On-line shoppers benefit from a secure environment, and can conduct transactions in their own currency and at their own pace. They can also read up on the biology of lobster, find seafood recipes and cooking and eating instructions, and scroll through frequently asked questions about lobster and other shellfish such as scallops and shrimp.

"We're using e-commerce to educate and provide information for our customers as well as to ship premium seafood directly to their door," says Davison. The interactive nature of the site also allows customers to comment directly on the products they receive, something which gives Clearwater a better understanding of customer needs.

Product distribution has been streamlined through the use of automated order taking (previously a manual endeavour) and shipping software provided by United Parcel Service (UPS), which is integrated into the site. It allows Clearwater to ship products directly to the consumer.

Software used to set up the site has a built-in 'scalability', which extends the longevity of the site by enabling the company to add on components and bring other business processes on-line in the future.

Phase one of the project, which included designing and launching the actual site, was completed in approximately six weeks. Although it's too early to measure the effect on the company's bottom line, Davison is happy with the response from customers so far. "The feedback has been very positive," he says.

The company is now exploring phase two of e-commerce, which will focus on business-to-business functions. The company would like to refine its sales and service processes in order to develop its wholesale arm and communicate more effectively with its customer base.

Recently appointed as the company's Director of E-commerce – probably one of the few in Atlantic Canada – Davison believes that e-commerce offers tremendous possibilities, but that companies need to put some thought into why and how they want to use it.

"The most common misconception is that you can just put your existing business on the Net," he says. "You really need to have an e-commerce strategy. What's the reason for your web site? How do you drive traffic to it? You have to be continually changing the site and re-evaluating what you're doing."

"In Atlantic Canada, we're seeing increased use of e-commerce for business-to-consumer marketing," says Davison. He expects to see more business-to-business e-commerce as well. "The Internet is reaching the point of critical mass," he says, "where most successful companies will be using e-commerce. No matter what your business, e-commerce is a tool and should be part of your business strategy."

"E-commerce has provided us with the opportunity to open up a whole new division - direct on-line selling to customers."

James Davison
Director of E-commerce, Clearwater Fine Foods Inc.

"Our e-commerce site has allowed us to connect with our customers in a whole new way," says Davison, "When we connect these customers to our key business systems, the company will be able to operate more responsively and efficiently than ever before."

Clearwater Fine Foods Inc.
Bedford, Nova Scotia
Telephone: (902) 835-7677
Facsimile: (902) 835-0385
E-mail: service@clearwater.ca
Web site: www.clearwater.ca

E-trade gives software firm a perfect marketing tool

CHALLENGE: *To market specialized time-tracking software beyond the borders of New Brunswick when you're a small software development company.*

SOLUTION: *Development of an interactive web site where people find useful information and free tools, where they can learn about your innovative software and try it, then make a purchase and download the registered copy on-line.*

In 1989, two young engineers from the Greater Moncton area were looking for a better way to track their time on projects. True to their training, they conceived the idea of an electronic time-tracking system.

An initial prototype of time-tracking software was developed and used in their own company until 1993, when a second version – now ready for the marketplace – spurred the founding of Dovico. The company is now known for its cost-effective Track-IT® time and project management software which was recently awarded "best business software" and "5 out of 5 stars, Editor's Choice" by ZdNet and SuperShareware.

Track-IT® is a unique tool designed to facilitate time management for professionals who need to keep track of the work they do for clients on various projects. One insurance company, for example, uses the software to monitor product pricing. Government departments use it to monitor time spent on different processes. Teams and individuals use it as a tool for billing clients and improving organizational efficiency.

But you won't find this company's products in big stores. You can purchase them on the Internet.

"Our web site is everything to us," says Diane Doucet. "It's our brochure and our selling tool. People can download a demo and use it for a period of time. They can get technical support. They can purchase software on-line, download it on-line; they can pay with their credit card, or we can invoice them electronically."

The Dovico web site was constructed in 1997, and sales jumped by 50 per cent in the first year. Recently, sales have increased by over 250 per cent. "Before our presence on the Internet, it was difficult for us to promote, sell and distribute our products outside the province without incurring significant expense," says Doucet.

"The Internet eliminated the need to jump on a plane to New York. It opened the door to being able to market world-wide." Over 90 per cent of the company's business now comes through the site; 70 per cent of sales are to the United States, 20 per cent are in Canada, and the rest are abroad.

The biggest challenge, of course, is promoting the site. The company has recently hired a full-time person for on-line sales and marketing. "The key is finding innovative ways to get people to visit our site on a regular basis and to tell others about it," says Martin Johnson, Dovico's web site director. "One example of a marketing tool is Dovico's free-time management and e-mail account system, which people can sign up for when they visit our site."

The site is constantly changed, with new information and interesting links added – everything from a site where you can buy Cuban cigars to another selling live lobster. "In the most important sense, on-line selling is similar to off-line selling," says Johnson. "Your company name has to be the one potential clients think of when the need for your product arises."

The company is also continually developing high-quality, innovative software. In addition to three versions of Track-IT® – for single users, multiple users and Dovico's latest web edition – the company now sells Project Administrator software. This product interfaces with Microsoft Project to automatically update the amount of time worked, and Call Tracker, which interfaces with Microsoft Outlook to display contact information when a call is received. Demos of all software can be downloaded directly from Dovico's web site.

Another advantage of using the Internet is that Dovico has no extensive production line. The need for hard-copy versions of company software is significantly reduced because everything can be delivered electronically.

The World Wide Web can, of course, be a double-edged sword. While it opens the doors for the company to compete world-wide, it also allows the competition to do the same. The Internet is useful for gathering intelligence on competitors that would otherwise be difficult to find. "It's important to know about our competitors, what they are doing, and the products they offer, so that we're better able to compete," says Doucet.

"You don't have to leave your office to promote your product," adds Doucet. "For our business, the Internet has been the key to success."

> "The World Wide Web has certainly been a turning point for our company. I'm not sure how we'd market without it."
>
> Diane Doucet
> Vice President of
> Sales/Marketing
> Dovico Enterprises Inc.

Dovico Enterprises Inc.
Dieppe, New Brunswick
Telephone: (506) 855-4477
Facsimile: (506) 384-0727
E-mail: info@dovico.com
Web site: www.dovico.com

Connecting with Newfoundlanders around the world

CHALLENGE: *To market a monthly magazine to a target audience that is located around the world, and at the same time expand sales of the 'world's largest selection' of Newfoundland memorabilia.*

SOLUTION: *Development of an interactive web site that allows potential subscribers to contribute articles and photographs, to track down fellow Newfoundlanders, to subscribe, and even to shop for Newfoundland books and videos.*

DOWNHOMER

The *Downhomer* began in a living room in Brampton, Ontario in the late 1980s as a monthly newspaper aimed at expatriate Newfoundlanders living in southern Ontario.

Today, it's a monthly magazine with a circulation of 40 000 distributed in 54 countries around the world. Newfoundlanders are natural communicators, says Grant Young, and there's nothing they like to communicate more about than Newfoundland.

That's why two years ago, the Internet seemed the way to go for the magazine. "The problem for us is that our market is world-wide. Newfoundlanders are all over the place," says Young. "The web site has become a good way to keep them in touch with home."

On-line visitors can sign the guestbook, track down old friends through the site's community e-mail database, contribute anecdotes about life's funny experiences, and hopefully, get just enough flavour of the magazine that they subscribe to the *Downhomer* itself.

Young estimates that subscriptions to the magazine have increased by five per cent as a result of their web site. Not an overwhelming response, he agrees, but he believes that exposure on the Internet will be increasingly indispensable for market development. "As a marketing tool, it's not the 'be all and end all', but you should know about the Internet's possibilities and you should be there. It's been good for us," he says.

While Young doesn't believe that the future lies in putting the magazine itself on-line, he does think the Net offers possibilities to sell other products. Recently, the company added a retail division – with a storefront outlet in downtown St. John's and a mail-order section in the back of the magazine – that sells more than 4000 items. Most of the stock is Newfoundland memorabilia, including music, videos, arts, crafts, souvenirs and novelty items. Total employment for the retail division is now 25.

A good portion of the inventory is also now available for purchase on the Internet through a secure server. "In my opinion, there is money to be made on the Net selling unique products. Anything that sells well through a catalogue will sell well on the Net," says Young. Eight months into the project, the company was averaging 2000 visitors and one order per day.

> "The Internet is a good marketing tool. It has allowed us to send our publication world-wide, and to build brand awareness."
>
> Grant Young
> General Manager, Downhomer Magazine

Initial development of the web site for the magazine required a lot of research and experimentation, which Young did himself with the help of a university student. "I was the more visual person and he took care of the technical side. What we had to ask ourselves was, 'what do we want this site to be?' Basically, we've created a meeting place for Newfoundlanders."

When it came to putting the retail inventory on the site, the company had a problem getting software that would work with its existing inventory management system. That meant that new inventory would have to be entered twice: once into the inventory management system and a second time onto the web site.

Young admits that the problem was partly a result of the urgency felt by the company to gets its stock on the Net. He expects the problem to be resolved soon. "We consider ourselves the authority on Newfoundland. The retail site is modeled on three N's – Newfoundlandia, nostalgia and nautica. Within a year, all our products will be on the Internet," he says.

The site maintenance and updating is done on a monthly basis by the magazine's graphic designers, and it's the interactive nature of the site – the synergy created between readers and the magazine – that keeps it dynamic. Young estimates the company has already spent $25,000, and it continues to improve the site, recently adding a photo database to which readers can contribute their favourite photo.

Young admits that the move to being on-line is not reflected yet in the company's bottom line. He believes, however, that as the technology develops, the Internet will be increasingly useful as part of an international marketing strategy.

"I think the World Wide Web is about a year or two away from making a lot of revenue," he says. "Once people can swipe their credit card directly into your web site, that's when things will really begin to happen."

Downhomer Magazine
St. John's, Newfoundland
Telephone: (709) 726-5113
Facsimile: (709) 726-2135
E-mail: mail@downhomer.com
Web site: www.downhomer.com

Niche e-marketing at its finest

CHALLENGE: *To reach a very specialized market – people who love to fly model airplanes and run model cars, boats and trains – in numbers that will increase your sales and grow your company.*

SOLUTION: *Development of a web site that is a logical extension of your catalogue, where customers can order on-line and have your specialty items delivered to their door.*

Fifteen years ago, Jim Ewing was an electronics engineer whose hobby was flying model airplanes. From his home base of Charlottetown, Prince Edward Island, however, he found that he couldn't obtain parts for his radio-controlled aircraft.

After searching mail-order sources in Canada and the United States without success, Ewing decided there was a need for a good supplier in Atlantic Canada. He launched the East Coast Model Center (originally called Jim's R/C Supply), which grew rapidly through word of mouth.

Once he had moved from a two-page typed price list in the early days to a 300-page catalogue sent out to customers, Ewing then took what he considered "the next most logical step." Five years ago, he created a company web site which is now reportedly the most extensive hobby shop web site in the world.

"The challenge for us five years ago was that the Internet was not very developed. Things were pretty basic. We didn't really have a master plan, but rather built a site that's been evolving with web acceptance and technology ever since," he says.

The site is now 2500 pages long and growing. It lists 60 000 different products for a variety of hobbies, including radio control airplanes, helicopters, cars and boats, model rocketry, wooden ship models, model railroads, and plastic models. (The large number of items available reflects the fact that one model will typically have 30 to 40 different parts.)

The site offers a number of ways for a customer to order, including traditional phone and fax orders as well as e-mail orders. At present, the site does not offer secure shopping but uses an outside Internet Service Provider (ISP) which tallies orders and relays them by e-mail to the company for processing. A secure search engine/shopping cart system is in the final beta testing stage and should be in operation shortly.

The second step will be to set up a 24/7 secure link between the company's server and the ISP's. That link will allow them to integrate live inventory data with the ordering process to create a dynamic, interactive system. "A customer placing an order will get a response right away indicating if the product is in stock, what the price is, and when it will be shipped," says Ewing.

The cost to the company has been minimal on the financial side, but the move to e-commerce has required a significant time investment. Ewing did all the set-up work himself and updates the site on a regular, almost daily, basis.

In 1998, the company built a state-of-the-art hobby store in Stratford, just outside of Charlottetown. Local walk-in business accounts for seven per cent of sales. The other 93 per cent is mail-order business, of which an estimated 15 per cent is now attributed to the Internet. The company has 14 full and part-time employees.

The web site has been key to developing international markets. "We've never advertised outside the country," says Ewing, "although we're now shipping to 50 or 60 countries. People order from us because they have found us on the Web and we offer some unique products."

Ewing believes the web site has been invaluable, and that it works well because the company operates in a specialty field. Only an estimated one per cent of the population is interested in model airplanes, cars and trains.

> **"There's no question for me that the Internet will become part of people's lives, like television. It'll eventually be an everyday tool in every household."**
>
> Jim Ewing
> President and Founder
> East Coast Model Center

But, he points out, the site has to be continually updated and made interesting. "You can't just go on-line and say, 'here I am, buy from me.' People will visit once but they won't come back if it's not interesting and changed regularly. That's why a lot of web sites are useless," he says.

"The Internet has certainly been worthwhile for us," Ewing says. "To me, there's no question that it's the way things are going. The Internet will become increasingly important for sales."

East Coast Model Center
Stratford, Prince Edward Island
Telephone: (902) 569-6286
Facsimile: (902) 569-5373
E-mail: ecmc@ecmc.com
Web site: www.ecmc.com

Innovation and electronic commerce go hand-in-hand

CHALLENGE: *To promote innovation among small and medium-sized businesses through the use of e-commerce.*

SOLUTION: *Establishment of an Electronic Commerce Centre, a public-private partnership aimed at fostering the collaborative efforts of individual stakeholders through research and education.*

ELECTRONIC COMMERCE CENTRE

In a unique alliance of the public and private sectors, New Brunswick's Electronic Commerce Centre was established in 1997 to provide support for research projects, education and training programs as well as for partnership arrangements aimed at accelerating the development of electronic commerce applications and the growth of e-commerce.

The mandate of the ECC includes assisting partners to learn through collaboration, furthering the adoption of e-commerce, and establishing itself as a national authority on the business aspects of e-commerce.

Partners include the University of New Brunswick, Nortel Networks, DMR Consulting Group Inc., Sun Microsystems, NBTel, Scotiabank, and the province of New Brunswick.

"E-commerce opens your markets," says Scott Thomas. "There are no longer any physical boundaries. You can sell your products or services anywhere in the world. It's a market that shouldn't go untapped."

The Centre practices what it preaches. The ECC's own web site is a cornucopia of resources, from information on e-commerce tutorials, courses, workshops and conferences, trade shows, expos and seminars to an extensive list of useful e-business resource sites. Links are provided to the recruitment pages of the partnering organizations. The site also provides an interactive forum for its partners to access information and discuss activities.

In addition to facilitating research projects among partners, the Centre also does business outreach and education. For example, Centre personnel give seminars around the province during Small Business Week in October. "The business outreach activities allow for the dissemination of information and the opportunity to learn what the issues are out there," says Thomas. "They enhance our research program and also feed into the e-commerce programs at the University of New Brunswick."

The Faculty of Business at the University of New Brunswick (UNB) is the first in Canada to offer an approved undergraduate major and a graduate level program in Electronic Commerce. The Saint John arm of UNB (UNBSJ) graduated its first class of undergraduate e-commerce majors in the spring of 1998, and welcomed its first class in the MBA e-commerce program in August 1999. UNBSJ also offers a certificate program in e-commerce.

"E-commerce could involve a simple informative web site where people could be exposed to your products. Or it could be more involved, where you're actually selling your product on-line. The scope will vary, depending on the company," says Thomas.

Some of the challenges faced by small business include how to integrate e-commerce into an individual company, becoming comfortable with security issues, and being able to deal effectively with the increased business that the Internet could generate. "It's a learning curve," he says.

The Internet has created a global marketplace, and companies must keep abreast of the impacts it may have on their particular industries. "Some companies may no longer even know who their competitors are," says Thomas.

The Electronic Commerce Centre
Saint John, New Brunswick
Telephone: (506) 646-8321
Facsimile: (506) 646-8322
E-mail: info@ec-centre.com
Web site: www.ec-centre.com

"E-commerce is changing the way that business is conducted. Through innovative partnering of leading-edge computer and telecommunications technologies, businesses are using e-commerce to solve problems, to get closer to customers and suppliers, and to improve their productivity and competitiveness."

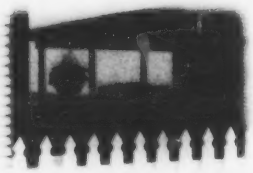
W.L. (Scott) Thomas
Director, Electronic Commerce Centre

"Some people may have the attitude that because we're in New Brunswick, we don't have the same opportunities as someone in the United States or in the United Kingdom," says Thomas. "But that's not accurate. Our technological infrastructure here is as good as anywhere in the world. There's no downside to getting involved in e-commerce," he continues. "In fact, the only hazard is not getting involved and being left behind."

E-commerce a big payoff for Fishers' Loft

CHALLENGE: *To reach an international market with limited money available for promotion when you're in the competitive world of tourism.*

SOLUTION: *Development of a web site that puts your product on the main street of every town and city in the world.*



John and Peggy Fisher fell into the bed-and-breakfast business almost by accident in 1997, the year of the 500th anniversary of John Cabot's landing in Newfoundland.

Tourism was booming in Canada's youngest province. A B&B owner in nearby Trinity, on the Bonavista peninsula, encouraged the Fishers to open their doors to her overflow.

Now, more than two years later, the Fishers' four-room, four-and-a-half star B&B has been expanded to 12 rooms and suites, including a restaurant and a small conference centre. And it's doing a lively business selling itself to the world on the Internet.

E-commerce, too, was something that happened almost by accident. John Fisher worked as a strategic planning consultant helping out non-profit organizations for more than two decades. First based in Toronto and later in Peterborough, Ontario, Fisher and his spouse found that emerging information technologies provided a way for them to escape the urban milieu.

"It started with the phone and fax," says Fisher, "and then computers and e-mail. We increasingly found that we were no longer dependent on being in any one location." That fact allowed them to be where they wanted to be, which was at their summer home in Ship Cove, Newfoundland.

It was during a consulting team meeting there in the winter of 1998 that a team member offered to set up a web site for them. Skeptical of technology for technology's sake alone – "too many bells and whistles," he says – Fisher nonetheless provided some photos. To his surprise, he actually liked the final product.

He wasn't prepared for the response by clients. "In the first year, 20 per cent of our business came from that site. We spent $250 to register our domain name, and we generated $8,000 in new business."

"We had a call from someone in Tokyo who saw the site," he continues, "and he wanted to know if there were still icebergs in the bay. It was kind of mind-boggling." The site portrays Fishers' Loft as an ideal place to visit for those seeking "peace at the end of the road." It is billed as a place where "icebergs and whales visit, and eagles and ospreys are neighbours," a beautiful spot where people will want to "linger awhile."

While people can and do make reservations on-line, the Fishers have been careful to maintain a balance between technology-driven efficiency and the personal touch. Peggy Fisher sends handwritten confirmation notes to everyone who makes a reservation.

"When you're running a small business, you never have enough money for advertising," says John Fisher. "With our web site, we suddenly have the opportunity to be on the main street of every town and city in the world."

> "In business, how do you have a big impact with a small amount of money? There are very few miracle cures in this world, but e-commerce is one of them."
>
> John Fisher
> Co-owner, Fishers' Loft

Driving traffic to a web site is always a challenge. Fisher is now looking at taking out ads in upscale publications such as the *New Yorker*. "It might cost us three or four hundred dollars for a one-line ad with our web site address," he says, "compared to the several thousands of dollars we might spend on a regular ad."

Fisher is now in the process of upgrading the site so that visitors, with a click of a mouse, will be able to visit each room. They will even be able to check out the bathroom and the paintings on the walls. "The biggest fear when you're making a reservation is, 'what does the room actually look like?'," says Fisher. "It costs about $2,000 to add that capability to your site, so that people can visit the rooms themselves."

He also plans to start a Newfoundland folk art store, as an adjunct business to the inn, to sell art and other home-made products on the Internet. "We don't make any business decisions now without looking at e-commerce components," he says.

"Anyone who does not take the time to explore the potential of e-commerce is missing the boat," says John Fisher. "E-commerce is the single greatest promotional and marketing opportunity that's come along in 30 years. I've never seen anything this powerful."

Fishers' Loft
Port Rexton, Newfoundland
Telephone/Facsimile: (709) 464-3240
E-mail: enquiries@fishersloft.com
Web site: www.fishersloft.com

Using the Web to cut distribution costs

CHALLENGE: *To position your products in international markets in the most efficient manner possible, as a leading-edge biotechnology product development firm.*

SOLUTION: *Development of a web site that allows customers in Asian and European countries to find you and to order on-line, thus eliminating the need for an extensive distribution system.*

Jellett Biotek Ltd., which develops and commercializes a wide range of biotechnologies and test kits for use in aquaculture and the shellfish industry, was founded in 1993.

The Dartmouth, Nova Scotia company, which employs 13 people, has become a leader in the development of rapid tests for detecting paralytic shellfish poison (PSP, also known as red tide) and amnesic shellfish poison (ASP, or domoic acid) in mussels, clams and other shellfish.

These types of test kits are used as harvest management tools by aquaculturists to detect the presence of PSP and ASP, both naturally occurring toxins. The tests are also used in government regulatory laboratories and as a quality control tool in processing plants.

The aquaculture industry is expanding rapidly world-wide. The demand for test kits such as these is high, especially in southeast Asian countries, where warm waters combine with temperate climates to increase the likelihood of toxin problems in mollusc production.

Founded by Dr. Joanne Jellett, Jellett Biotek has maintained a web site for a number of years. But recently, it took advantage of a Maritime Tel & Tel (MT&T) pilot project to move into a virtual "mall" on the MT&T web site. Its on-line store sells its Maritime In Vitro Shellfish Test (MISTTM Quanti) for detecting PSP.

"This kind of on-line selling is important for us because our customers are all over the world," says Alana Burbidge. "We don't have to set up a complicated distribution system. People can order from us directly."

The pilot project lasted three months. The MISTTM technology in question is designed to be a user-friendly "shippable" test kit. It allows end-users to perform the test without tissue culture facilities or expertise. But because it's also a technology which uses live cells, the company found initially that selling the product on-line wasn't ideal, mainly because of the time delay which could be involved in shipping. Product quality could not always be assured, for example, if the kit were to sit in a plane on a runway waiting for delivery to a remote community.

Jellett Biotek, in collaboration with the National Research Council and the Institute for Marine Biosciences, has developed a second rapid diagnostic test kit for PSP which doesn't use live cells. The product is now in the process of validation, and the company will once again be selling on-line when approvals are complete. Jellett Biotek test kits for toxins are popular, partly because they are considered cost-effective alternatives to animal testing.

Once the company is ready to go back on-line, it will hire a full-time person to manage the site. It anticipates spending approximately $5,400 per year on e-commerce transaction fees, and considers it a cost-effective alternative to distributors.

Even before it returns to selling on-line, however, the advertising value of having a web site that promotes the company's business has been indispensable. Besides selling test kits, the company also carries out contracts for scientific research and provides diagnostic testing in-house for shellfish toxins as well as sea urchin disease to clients world-wide.

"It's a specialized field," says Burbidge. "People can find us by searching randomly for test kits, toxins or red tide. Then they can e-mail us if they need additional information. It's a strategic marketing tool for us in international circles."

"E-commerce is an easy way to control the whole ordering process. It just makes sense."

Alana Burbidge
Marketing & Sales, Jellett Biotek Ltd.

"We're expecting a very large demand for this new product," says Burbidge. "We'll have the system set up so that all the orders will come through e-commerce into our database. Orders will be managed through our production and financial systems, and from there to shipping and out the door. Without e-commerce, it would be necessary to have people staffing the telephone lines 24 hours a day."

Jellett Biotek Ltd.
Dartmouth, Nova Scotia
Telephone: (902) 424-8670, ext. 147
Facsimile: (902) 424-4679
E-mail: aburbidge@innovacorp.ns.ca
Web site: www.innovacorp.ns.ca/jbiotek/JBLpage.htm

Going big ⊖ at a fraction of the cost

CHALLENGE: *To promote your product to the widest possible market at the most cost-effective price in the competitive business of travel.*

SOLUTION: *Development of a web site allowing an interactive information exchange between vendor and buyer, and streamlining administrative and promotional costs for the company.*

MacQueen's

MacQueen's Island Tours in Charlottetown, Prince Edward Island is actually three businesses in one: it's a bike shop (which began 25 years ago), it's a full-service travel agency, and most recently, it's an eco-tour company.

For the past 15 years, the company has organized bicycle tours on the Island itself as well as other exotic places like Sicily, Banff, Cuba and the Magdalene Islands.

"In that time," says Gordon MacQueen, "the travel business has changed immensely. The tourism industry itself is a healthy sector, but partner travel agencies are not," he says. "Commissions have been cut almost in half and travel agent service fees do not compensate for that loss. Agents working under burnout conditions must fundamentally change the way they do business or they'll be out of business. The life preserver being tossed to them is e-commerce."

That's why three years ago, MacQueen's set up a web site to showcase its product, and began to promote it. "We were offering a bike tour to Cuba," says MacQueen. "The challenge for us was how to let Americans know about it. I can't send a brochure to millions of people. So I put a little ad in the *New York Times* with our website address. Through the site, you find an e-mail address where people can write for information. The response has been overwhelming."

The tour business accounts for the bulk of the company's total business; an estimated 80 per cent of tour requests are now coming through the web site.

The company still produces a four-colour brochure, at a cost of roughly $8,000 for each set of reprints, but MacQueen finds the Internet has a lot of advantages over hard-copy promotional material. "The cost is greatly reduced, the speed of delivering information is a lot faster, and with the Net, I have more flexibility in decisions about dates and prices," he says. "The tree-hugger side of me is also more comfortable knowing that fewer brochures are needed."

MacQueen considers the cost of using e-commerce to be minimal. He spends roughly $1,000 per year to maintain the site. "For what that site delivers, it's way less than what I pay for my brochure. It's next to nothing."

Company overhead has also been greatly reduced. From a telephone bill of $800 per month before going on the Internet, MacQueen estimates that he now spends less than $100 a month. "Not only is it cheaper, but I'm getting better information by e-mail, and every time you use e-mail you have a record of what was said."

And for those advanced in years (like himself, he says) who may find that learning new technology doesn't come easily, he recommends finding a competent, professional webmaster. "If you have a good product," he says, "you want it displayed professionally."

After three years, Gordon MacQueen is completely sold on e-commerce. "How did I ever do business before?" he asks. "I really don't remember."

"E-commerce has allowed me to reach millions of people faster and at a fraction of the cost I would normally pay."

Gordon MacQueen
Owner, MacQueen's Island Tours

Potential customers can use the company's site to get information about the various tours offered and to send e-mail requests for information. At present, they cannot actually buy the company's product on-line. That's because most travelers want to pay with a credit card. MacQueen is dealing in large figures (the average tour costs $3,000) and he wants to be sure that he's paid.

"In order for me to make a credit card transaction, I need a signed sales draft," he says. "Right now, all credit card company policies side with the consumer. If you say you didn't buy it, the credit card company reverses the charge to the consumer and merchants like me take the loss." MacQueen believes it's an on-going challenge for the future of e-commerce.

He believes that companies need to put some thought into the design of their site. It should be professional, and should convey the image that the company wants to convey. "Your web site gives people a clue about how seriously you take your business," he says.

MacQueen's Island Tours
Charlottetown, Prince Edward Island
Telephone: (902) 368-2453
Toll free: 1-800-969-2822
Facsimile: (902) 894-4547
E-mail: biketour@macqueens.com
Web site: www.macqueens.com

Arts and Culture Centres get into e-com

CHALLENGE: *To respond to increasing customer demand for a more convenient way to buy theatre tickets at six Arts and Culture Centres located throughout Newfoundland and Labrador.*

SOLUTION: *Renovation of an existing web site so that theatre-goers can order and purchase their tickets on-line.*

The St. John's Arts and Culture Centre is the head office for six Arts and Culture Centres located throughout Newfoundland and Labrador.

Opened in 1967, the Centre houses a 1000 seat proscenium Main Theatre and a 75-seat "black box" Basement Theatre along with the Art Gallery of Newfoundland and Labrador and the Public Library.

Since the mid-1990s, the Centre has had a web site to provide information on upcoming events. It was basically an electronic version of the Centre's regular promotional material. "Our costs to set it up in the beginning," says Richard Stoker, "were about equal to what we were paying for two or three weekend ads in the daily newspaper. So it was very economical."

For each of the six Centres, people could check out the calendar of events, look at the theatre's seating plan, technical specifications and even photos, and receive box office information.

Increasingly, people wanted to take the next logical step, which was to actually purchase their tickets on-line. "Since the site has been there, people have been calling in, wondering if and when they could actually order their tickets on-line," says Stoker. "That was really what motivated our renovations."

Recently, the site was completely updated not only to upgrade the technology, which has changed significantly since the mid-1990s, but also to add an encrypted server so that people can use their credit cards on-line. Each of the six Arts and Culture Centres can access the secure server using its own password.

For the time being, the information collected from on-line customers is still downloaded and processed in the normal way. Reservations and purchases are confirmed by e-mail to each subscriber. While ticket buyers cannot chose the exact seat they want, they can specify the general area in which they would like to sit.

"Setting up the web site cost around $600 originally," says Stoker. "The renovations, including adding an encrypted server and buying a domain name, were around $3,000. It's still not a lot of money." The site is maintained and modified on a regular basis by an outside firm.

The feedback so far has been positive. "We're getting fairly steady usage of the site," says Stoker. "Even people who come to the box office will say, 'I saw such-and-such on your web site'." The web site address is now used on all Centre promotional materials.

"We had an electronic ordering system by telephone for a number of years," says Stoker. "This is just a logical extension of that. People like the visual aspect of the web site. They can see what they're doing when they're buying their tickets. They also like the convenience. It's not always easy for people to get physically to the building."

> "E-commerce for us was really consumer-driven. It was what our customers wanted."
>
> Richard Stoker
> Program Manager
> St. John's Arts and Culture Centre

Besides the business-to-consumer aspect, Stoker finds that electronic communication is increasingly important for business-to-business contacts. "I use the Internet constantly to book shows with agents and to deal with artists. I think artists and agencies alike are finding that e-mail is a very efficient and effective way of communication," he notes.

While the effect on the Centre's bottom line is difficult to measure (largely because as a division of the provincial Department of Tourism, Culture and Recreation the budget is part of an overall pot), Stoker is sure that use of e-commerce represents a significant savings.

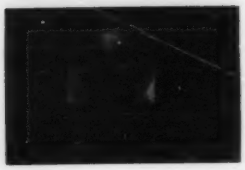
The Centre intends to monitor use of the site in order to respond to further customer demand. "I think the use of e-commerce will steadily become more important to us," says Stoker.

Newfoundland Arts and Culture Centres
St. John's Arts and Culture Centre
St. John's, Newfoundland
Telephone: (709) 729-3650
Facsimile: (709) 729-5952
E-mail: dstoker@nf.aibn.com
Web site: www.artsandculturecentre.com

Building consumer trust in e-trade

CHALLENGE: *To develop a market beyond provincial boundaries for an information technology company selling relatively expensive products.*

SOLUTION: *Development of a web site that allows potential customers to try products on-line while providing the human contact necessary to create a comfort level for buying.*



Nigel Cuthbertson is one of the early pioneers of information technologies on Prince Edward Island. His company, N.R. Computronics Ltd., was established in the early 1980s and was teaching people how to use micro-computers in their small businesses by the middle of the decade.

The company later moved into developing interactive multimedia computer software. It produced a culture and language program for the Mik'maq First Nation and a "Wastecatchers" recycling game which is now used in all schools on the Island.

Like many small companies, N.R. Computronics has built one success upon another and has expanded its market in the process.

"We're based in PEI but the market here is very small," says Cuthbertson. "Our real market is North America, and we had to find a way to reach people."

That's why, in 1997, the company turned to e-commerce. "The cost of putting advertisements in trade magazines was out-of-this-world. It just didn't make sense. So we had to find another way of doing things," says Cuthbertson.

The company set up a web site to promote its most recent product, the Smart Access Method, or SAM, a multimedia package that allows teenagers and adults with low literacy skills to learn health care and life skills. Potential customers can try out the program on-line. They can also find a toll-free number to talk to a company representative or to place an order.

"Buying on-line is not yet an option; at $600 for a single copy, the price is a bit beyond what most people feel comfortable with paying on-line," says Cuthbertson. "Building trust with a potential client is a very important part of developing a web site," he notes.

"People on the Island know us, and they know we're a reputable company," he says. "It takes a while to extend that sense of trust to other parts of the continent."

The company sells other products on-line: the "Wastecatchers" game, training course packages and other items. It also tries to do business electronically whenever possible. For example, N.R. Computronics recently organized a dinner with guest speakers, and people were able to buy their tickets on-line.

Cuthbertson feels that a web site has to be not only professional but human. "You have to give people visiting your site the confidence that the people running the show are honourable. You also have to show them who you are. That's one of the reasons that I have my picture on the site, under the president's profile. I want them to see that I'm a human being, and that I'm enjoying myself."

Cuthbertson is now looking at selling health care information on-line. "Some people are spending a lot of time searching the Internet for information. Our ultimate objective is to deliver information on health care through our web site, not through subscription but by actually charging for it."

What has he learned since going on-line? "It's still early in the game of e-commerce," he says. "People want to do it, they want to buy things on-line but they're still a little bit reticent. You have to work hard at gaining their trust, and you have to spend time and energy on it, like anything else."

N.R. Computronics Ltd.
Charlottetown, Prince Edward Island
Telephone: (902) 566-2714
Facsimile: (902) 368-1474
E-mail: information@make-it-simple.com
Web site: www.make-it-simple.com

"We're a small firm in PEI but our market is really North America. The cost of putting ads in trade magazines is astronomical. E-commerce is another medium to get your message out."

Nigel Cuthbertson
President, N.R. Computronics Ltd.

Cuthbertson says that it's "quite an investment" to construct and maintain a site, and train people to use it. But he sees that investment as simply a cost of doing business. "The question is, will there eventually be a return on investment? We believe the answer is yes."

Much of the initial work can be done in-house, although Cuthbertson believes that it's worthwhile to farm out the work to professionals who specialize in creating web sites. "Our business," he says, "is to create multimedia and software products and sell them."

Island cookware company expands with e-buying

CHALLENGE: *To increase market share by selling products on-line, while at the same time keeping the existing sales network happy.*

SOLUTION: *Development of an on-line factory store that is continually updated to add new products, and that integrates its activities and coordinates its sales with dealers across the country.*

Padinox Inc. of Prince Edward Island has been manufacturing two lines of cookware since 1979: the Paderno line and Chaudier cookware. The latter, a high-quality product with a lifetime guarantee, is the cookware that boasts use in the Prime Minister's residence as well as aboard Air Force One, the plane of the United States president.

In the early 1990s, Padinox was one of the first companies in Prince Edward Island to go on-line. Its web site provided information on products, allowed customers to register their warranty after a purchase, and even join the company's mailing list to receive information on special sale prices.

By 1995, it seemed a logical next step to try e-commerce. "We put all our products on-line, and they were on sale, at 40 per cent off, all the time," says Scott Chandler. Initially, the site was not secure. Few customers felt comfortable giving their credit card number. Sales did not exceed $1,000 per year.

Even more challenging than the security issue, however, was the reaction of company dealers to this new way of selling. Padinox has 450 dealers across Canada (including retailers such as Home Hardware and specialty kitchen boutiques) and 16 factory stores. The Padinox Internet Store had become their competitor and its products were marked down all the time. The dealers were not happy.

The company moved quickly to deal with the two problems. It hired a local firm to secure the site and to provide ongoing maintenance. Based on the initial setup price of $5,000 to $10,000 and a monthly maintenance cost of $500, the company believes that the most cost-effective approach is to use an outside, specialized firm on an ongoing basis. "There's not enough work involved for a full-time position with us," says Chandler, "but it's too much work to add to the job of one of our people."

The company also put a stop to year-round sales. "It really removed the urgency for people to buy when our products were on sale all the time," says Chandler. Sales are now coordinated with dealers across the country. Ontario and Quebec dealers have their sales in early November, and the Internet Store sale doesn't start until mid-November. Padinox also listed the dealers' addresses on its site and created a link to those with a web page.

"Our dealers are much happier now," says Chandler. In addition to getting sales information, people visiting the site can access recipes, participate in contests, take a virtual tour of the factory, and join the mailing list.

> "For us, the ideal situation is that the Internet would continue to grow, and we would convince our customers to join us on-line. It's the most cost-effective way to expand our company."
>
> Scott Chandler
> Marketing Director, Padinox Inc.

Since going on-line, the company has built up a mailing list of 8000 e-mail addresses. While regular subscribers receive the company catalogue which is produced once a year (the current catalogue lists 200 items), the on-line product line changes often. An advantage of an Internet Store is that new products – for example, Padinox's new line of utensils – can be added continually.

"People on the Net will know about our new products before people reading our catalogue," says Chandler. The company's Internet store sales have now reached $75,000 per year.

As more people go on-line, the company expects eventually to do away with the hard-copy catalogue, which represents significant production and mailing costs.

Padinox has seen the advantages of using e-commerce for business-to-consumer marketing. However, orders received are still downloaded and processed manually. The company is taking a wait-and-see attitude in terms of its next step. As the volume of Internet orders grows, Padinox may move to integrate its on-line catalogue with the company inventory and even its financial database.

Padinox is also using e-commerce for business-to-business transactions. It communicates on a regular basis with suppliers using e-mail, and uses the Internet to research the competition. "We save a lot of money in long-distance calls," says Chandler. "And the Net allows us to go to our competitors' sites and check out their pricing."

Padinox prides itself on having built a reputation across Canada based on quality and product recognition. Now, with an Internet Store, sales have started to come in from northern Europe and as far away as Indonesia.

"Being able to reach different markets is extremely important for us," says Scott Chandler. "We certainly see the Internet as one way that we're going to expand."

Padinox Inc.
Charlottetown, Prince Edward Island
Telephone: (902) 629-2373
Facsimile: (902) 629-1502
E-mail: paderno@padinox.ca
Web site: www.padinox.ca

Delivering legal services through the Net

CHALLENGE: *To keep trade union clients in the Atlantic region and across Canada up-to-date on court and arbitration decisions that may have direct implications for them and their members.*

SOLUTION: *Development of an interactive web site that has revolutionized the way lawyers are able to research and communicate that research to clients.*

PINK BREEN LARKIN
LAWYERS
AVOCATS
www.labour-law.com

Pink-Breen-Larkin is an Atlantic Canada law firm that specializes in the union side of labour law. With nine lawyers in Halifax and three in Fredericton, the firm represents trade unions before provincial and federal courts and labour relations boards during collective bargaining and at grievance arbitrations.

Labour law is a specialized field and decisions made in one jurisdiction or one part of the country may have obvious implications for another. "For example, there was a recent case of workplace discrimination affecting British Columbia firefighters," says Raymond Larkin. "Our clients here may read that case and identify an issue in their own workplace that we might assist them with."

For more than a decade, the firm has attempted to keep its clients in touch with recent decisions. It's a service the firm offers. Four years ago, after trying various methods such as mail and fax, the firm turned to e-commerce for an electronic solution.

It set up a web site where visitors can read 'case highlights' of recent labour decisions made by Courts of Appeal, Supreme Courts, Labour Relations Boards and Arbitration Boards in the Atlantic provinces, as well as decisions made at the federal Court of Appeal and the Supreme Court of Canada. The firm has an e-mail database of client addresses, and will also send a notice to make sure that particular clients are aware of certain decisions.

The result is an informed clientele that is better able to deal with issues as they come along. And while it's hard to measure the effect of the service on the firm's bottom line, there has been a lot of good feedback. "A client will say, 'I saw this report on your site. Do you think it might apply in our situation?' That happens frequently," says Larkin.

A client may also read information on the site, and call the firm to hire a researcher. "A sophisticated client may not need a lawyer; they may just need some good research," he says. "It's not a huge part of our billable hours, but it's a direct result of e-commerce."

Increasingly, national and international unions use e-mail to communicate. Even small locals with no full-time staff have access to the Net. For example, the local president may have e-mail at home. The firm has increasingly used e-mail to communicate internally as well as externally.

"As lawyers, we frequently generate documents – for example, briefs. We exchange drafts with other lawyers or with clients, for their comments or changes. In the past we did that by fax. E-mail has made it possible to handle documents much faster and much more efficiently," says Larkin.

"Over the years, we've tried various ways of keeping our clients up-to-date on recent labour law decisions. E-commerce is the quickest and most cost-effective way we've found to do that."

Raymond Larkin
Partner, Pink-Breen-Larkin

In fact, the use of the Internet has sped up the legal process for everyone. "As an example, in the construction industry, arbitrators have 48 hours from the time of their appointment to render a decision. In a recent case, the arbitrator was appointed Thursday morning, the hearing began at 9 a.m. on Friday, and I had the decision by 10 o'clock Friday night by e-mail. I relayed it instantly, not only to the client but also to all the lawyers in my firm. So e-mail really allows us to move much more quickly through the legal process."

E-commerce has also revolutionized the way in which research can be done. The legal process is based on statutes and accompanying regulations which often contain key information. In the past, the Registrar of Regulations in Nova Scotia had a hard-copy index. "You had to call them up and get them to fax over a particular regulation. The index was updated every three to four months, so if you needed something more current you might miss it," says Larkin.

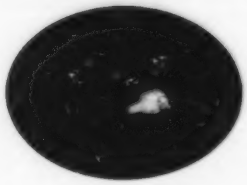
Now, all regulations and statutes are posted on a government site and updated constantly. "It's instant access to information," says Larkin.

Pink-Breen-Larkin has one lawyer who devotes 25 to 50 per cent of her time to updating the site every two weeks. But Raymond Larkin believes that there's no turning back. "We tend to think that our clients are relying on us to keep them informed," he says, noting the firm will eventually move further along the e-commerce continuum, and hopes eventually to move towards electronic invoicing.

For other firms looking to enter the world of e-commerce, Larkin says it's important to identify client needs and design a site that responds to those needs. "If you're responding to genuine needs," he says, "your site will be successful."

Pink-Breen-Larkin
Halifax, Nova Scotia and
Fredericton, New Brunswick
Telephone: (902) 423-7777 (Halifax);
(506) 458-1989 (Fredericton)
Toll free: 1-800-565-4529
Facsimile: (902) 423-9588 (Halifax);
(506) 458-1127 (Fredericton)
E-mail: rlarkin@labour-law.com
Web site: www.labour-law.com

A little taste of PEI goes a long way



CHALLENGE: *To get launched on the World Wide Web in a way that is both affordable and profitable for a small PEI company with an existing mail-order business but limited resources.*

SOLUTION: *Development of a partnership with a graphic design company to do the creative and technological side of developing and maintaining your web site, in exchange for a share of the gross sales.*

From the time he started Prince Edward Island Preserve Co. Ltd. in 1985, Bruce MacNaughton has had an innate sense of marketing. From its original location in a Charlottetown convenience store, MacNaughton moved the company, which produces low-sugar, high-fruit content preserves, into an old butter factory in the village of New Glasgow.

The village is on a major route to Cavendish Beach and the Anne of Green Gables House. During the first summer after he moved, MacNaughton donned a kilt, stood on his porch, and waved passing motorists into his store.

Now with 50 employees, the company includes not only a processing operation but also a seasonal retail business, a restaurant, a mail-order business and, more recently, a store on the World Wide Web. MacNaughton has gone to e-commerce as a logical extension of what he was already doing.

"I can see the day when 50 per cent of all our mail-order business will be coming from the World Wide Web," says MacNaughton. Mail-order represents 15 per cent of the company's total business and 20 per cent of that business now originates from the Internet.

MacNaughton became involved in e-commerce five years ago when the local telephone company offered to construct a web page for him as a way of encouraging companies to go on-line. The original web site, which simply provided information to potential customers, sparked MacNaughton's interest in pursuing the possibilities.

"I didn't really have the financial resources or the time to go further since we're busy doing what we do every day," he says, "so I looked for a partner." He found an aggressive and creative graphic design house that was interested in developing and maintaining his site in exchange for a percentage of gross mail-order and Internet sales.

Customers can now order products on-line, ranging from preserves made from strawberries and Grand Marnier or wild blueberries, lemon and fresh mint to red pepper jellies and hot and regular antipasto. Everything is made with high-quality Island produce, and attractively packaged in a variety of gift solutions for shipment anywhere.

MacNaughton has found, however, that a company can't just put up a site and expect success. "You really have to work at making customers feel comfortable buying something they can't touch," he says. "You have to be responsive. Companies haven't yet realized that they should respond to e-mail like they respond when the telephone rings. Our customers have been very appreciative that we get back to them within minutes or at least the same day we receive their e-mail," he adds.

MacNaughton expects to spend $10,000 in the next year to improve the site and increase content. That represents roughly one-third of projected off-web sales for the same period.

Meanwhile, MacNaughton is keen to learn more about technology, and is in the process of developing an e-commerce plan. He would like to expand the site's content to capitalize on the aura of the Island.

"PEI is a very special place," he says. "I would like to have PEI writers or photographers on the site, or maybe the front page of the local newspaper, so that people feel like they're living or breathing a little bit of PEI while they're visiting our site."

Prince Edward Island Preserve Co. Ltd.
Hunter River, Prince Edward Island
Telephone: (902) 964-4304
Toll free: 1-800-565-5267
Facsimile: (902) 964-2912
E-mail: customerservice@preservecompany.com
Web site: www.preservecompany.com

"Because I was able to work out a partnership with a design company, the cost to me of using e-commerce has been very reasonable, especially for the education I've gained."

Bruce MacNaughton
President, Prince Edward Island Preserve Co. Ltd.

The ultimate objective is to have an in-house server which will allow him to integrate inventory and personal information databases. A customer will be able to go onto the company site and track their purchases for the previous two years. That would be useful, for example, for people who buy PEI Preserves products as gifts.

Reaching outdoor enthusiasts with e-trade

CHALLENGE: *To expand your customer base in the most cost-efficient manner possible when your retail business is in a sparsely populated area.*

SOLUTION: *Development of a web site that allows sports enthusiasts to order your product from wherever they are in the world.*

Restigouche River Outfitters was launched in 1991 to fill a demand for high-quality sportswear in northern New Brunswick's Restigouche River area. The river is considered one of the premiere salmon fishing rivers in the world, and it attracts anglers from around the world.

From its modest beginnings as a booth at the local farmers' market, the company now has a walk-in store on Water Street in Campbellton with 12 employees, and a virtual store on the World Wide Web. "Our problem was location," says Charles Thomas. "We have a limited population base in this area, so we really had to think of another way to expand our market."

Restigouche River Outfitters was, in fact, one of the first companies in the province to begin selling its product over the Internet. In the summer of 1997, it hired a local marketing and design firm and worked in partnership with NBTel, which at the time wanted to test new web construction software from IBM.

From the beginning, customers were able to buy a variety of clothing on-line, from casual and sports apparel to fishing gear and footwear. All products are embroidered with a logo that evokes the Restigouche River and river life.

The site was designed with credit card security in mind. But Thomas finds that despite this attention to consumers' concerns, it has been hard to make people feel comfortable buying with their credit card. "People tend to think all sites are the same, but they're not. We have three 'firewalls' on our site and even IBM programmers weren't able to break through," says Thomas.

The site gets lots of visitors, although actual web sales are still low, at two per cent of gross revenue. Thomas expects that to grow. He finds the site useful as well from an advertising perspective. Visitors to it may see something they like, and use the 1-800 number on the site to place an order. Or when they visit the province, they drop in to the store.

"Those are indirect benefits of having a site that are hard to measure," says Thomas. He finds that people will research a product on the Internet before they actually come in to the store to buy, which results in better-informed customers who require less direct assistance from sales staff.

Thomas is convinced that the key to e-commerce success is marketing the site. All in-house publicity – from ads in the *Globe and Mail* to company brochures, business cards and radio spots – has been changed to include the web site address. The company is even changing its packaging of clothing so that all items bear its site address.

"I think there are possibilities with the World Wide Web that we're not even imagining at this point."

Charles Thomas
Owner, Restigouche River Outfitters

But while business-to-customer e-commerce may be still in its infancy, Restigouche River Outfitters is having a lot of success with business-to-business e-commerce. "I order my embroidery designs on-line from a company in North Dakota, and that company will e-mail them to me," says Thomas. "Almost all my suppliers now have web sites, and I can even buy from some of them over the Internet."

The reason that business-to-business e-com works, he believes, is that the level of trust between businesses is already established. But with customers, there is always a certain element of skepticism, at least at the beginning.

Thomas believes that e-commerce is the way of the future. "I was at a trade show in Toronto two years ago where about five per cent of the wholesale manufacturers had web sites. At the same show last year, about 95 per cent of them had sites."

Developing a web site has been a major investment for Restigouche River Outfitters that has not yet begun to pay for itself in new business. Thomas believes, however, that it will. "I think we have to be there and grow with it," he says. "The companies that succeed with e-commerce will be those that get in on the ground floor."

Restigouche River Outfitters
Campbellton, New Brunswick
Telephone: (506) 753-5737
Facsimile: (506) 789-7702
E-mail: comments@restigoucheriver.com
Web site: www.restigoucheriver.com

Cutting costs on business-to-business transactions

CHALLENGE: *To respond to increasing pressure from large customers to use e-commerce in a way that will also be profitable for a small but well-established Prince Edward Island beverage company.*

SOLUTION: *A move to e-commerce technology that not only streamlines accounting procedures to cut costs, but also can be used as a marketing tool to increase sales beyond the local market.*

Seaman's Beverages is one of Prince Edward Island's oldest companies. Established in 1939 by Francis Rundell Seaman, the company produces a variety of beverages and attributes its success to the use of "secret family recipes, pure cane sugar and natural Island spring water."

Until recently, the company sold mainly through two large grocery chains on the Island. There was increasing pressure from both to move to the use of e-commerce. "It was kind of like the Y2K thing," says Kim Griffin. "They said, 'We'd like to see you on e-commerce by such-and-such a date'."

More and more, large companies are using e-commerce and want their suppliers on-line too. For Seaman's Beverages, which has 100 employees at its Charlottetown plant, this meant setting up an electronic data interchange (EDI) system which allows for both the preparation and transmission of computerized invoices. "PEI has two taxes – the GST and the PST – and a returnable container deposit system. Invoices can be complicated to prepare," says accounting supervisor Barry Gosby.

"With EDI, invoices have a more professional appearance. Invoicing is faster and there are fewer errors. The system is doing work that's too complicated for human beings to do," he says.

The company is now developing its capability for electronic payments, involving a number of alternatives such as pre-authorized debit and credit card billing. A long-term goal is an automated system that would allow the company to check buyers' inventory levels and replenish them automatically when necessary.

"Times have changed," says Gosby. "And we've changed quite a bit to meet our customers' needs. Company accounting procedures are now much more cost-effective," he says.

But that's not the end of the story. Seaman's Beverages developed a web page at the same time, and the address now goes on all company packaging. The lively site provides an overview of company history, and allows people to take a tour of the factory. "A tourist who comes to PEI, picks up a bottle of our product and likes it can then go home, click on our site and find the closest location where they can buy it, anywhere in North America," says Kim Griffin.

For almost 60 years, sales were confined to PEI. The company is now selling in Nova Scotia, New Brunswick, Ontario, Quebec and Maine.

> "For almost 60 years, we sold only on the Island. The World Wide Web has been a key marketing tool for branching out."
>
> Kim Griffin
> Director of Marketing, Seaman's Beverages Ltd.

"The Internet has been a key marketing tool for us. It has allowed us to tell our story to a wider audience and expand our markets, without losing the personal touch," says Griffin.

The biggest challenge initially was to decide what the site's message should be. "It took us a couple of months to write exactly what we wanted to convey. It took another four to five months to actually build the site, with graphics, the interactive cooler at the front, with the right images," she says.

The company hired an outside firm for initial construction and maintenance, but expects eventually to do the ongoing work in-house. "We'd like to be able to update the site once a week," says Griffin. An estimated $20,000 has been spent to date.

The company plans to move to on-line sales. It has been testing the market on a 'beverage direct' web site in Illinois. "The challenge for us is to ship effectively. We use glass bottles, so there's obviously a concern about weight," she says.

"E-commerce has really provided an opportunity for us to branch out in the long term, not only to eliminate a lot of paperwork but to do promotion and increase our sales outside of traditional markets," she says.

Seaman's Beverages Ltd.
Charlottetown, Prince Edward Island
Telephone: (902) 626-2204
Facsimile: (902) 629-1803
E-mail: seamans@seamanspei.com
Web site: www.seamansbeverages.com

Changing with the times • pharmaceuticals on-line

CHALLENGE: *To survive in an increasingly electronic world as an established pharmaceutical product catalogue company.*

SOLUTION: *Launching of a sister company that not only offers the same catalogue on-line, but also now produces fifth generation e-commerce solutions for other businesses.*

Total Pricing Systems Inc. is a New Brunswick publishing company specializing in pharmaceutical products since 1991. Pharmacists and physicians are able to select and order a variety of pharmaceutical and medical products from a catalogue delivered in the traditional way, through the mail.

In the mid-1990s, as information technology flourished, the company realized that it would need to adapt. "It was really for the protection of our paper-based publishing company that we eventually went on-line," says Tony Hebert.

The firm's sister company, ShareLine Systems Ltd., was launched in 1996. Pharmacists and physicians can now browse the same catalogue selection of items in a secure on-line environment, and place their orders. They can also read the day's news, place a classified ad, or go on-line to take the upgrading course required annually by pharmaceutical and medical societies.

But ShareLine Systems has gone much further than that. It is now in the forefront of design and development of database-driven applications for businesses wanting to do business on-line.

"Typically," says Hebert, "a company gets involved in electronic commerce by setting up a web site to sell its product on-line. A customer places an order via the World Wide Web and pays for it with a credit card. From there, the order is handled in the traditional way. It's downloaded manually by someone who then checks to see if the requested item is in stock. The order is packaged manually, and the shipper is called."

ShareLine's software, entitled PPS® system, revolutionizes that process. Its "end-to-end gateway to back-office functionality" integrates all company systems, from order receiving, credit card acceptance and electronic invoicing to budget control, inventory management and statistical reporting.

"If someone places an order for an item that's low in stock, the system will immediately send an EDI (electronic data interchange) to the supplier to replenish the inventory," says Hebert. "E-commerce is not just buying something on the Internet. It's education – it's being able to fill out your warranty form on-line. It's the whole process," he adds.

PPS® system is core software that is customized for a business. "If the rule in your company is that inventory is re-stocked when it hits 10 per cent of your original quantity, then we customize the software to do that," says Hebert. A demo of the software is now available on the company's web site.

> "E-commerce was really a way of re-inventing ourselves electronically."
>
> Tony Hebert
> President & CEO
> ShareLine Systems Ltd.

The results of using the software? "You manage your sales cycle," says Hebert. "You process faster, with fewer errors. You decrease your cost of distribution. You lower your costs over all."

It's the only way, Hebert believes, that Canadian companies will be able to compete in the global marketplace. "The biggest threat to Canadian companies from e-commerce is their United States competitors. End-to-end integration of systems eliminates the human factor in the business plan, so that a company can compete," he says.

The software also tracks a customer's purchasing history, allowing the company to do "suggestive selling."

Hebert sees enormous potential in e-commerce for Canadian companies and communities – from streamlined, more competitive business operations to more decentralized learning processes that could reverse the trend of migration to large cities, and allow rural areas to take better control of their own economic development.

But e-commerce needs to be done right. Says Hebert, "If there was ever a time to use the phrase, 'lead, follow or get out of the way', this would be my best advice to Canadian businesses. Move with speed while you still have your traditional grip on your market share."

ShareLine Systems Ltd.
Moncton, New Brunswick
Telephone: (506) 858-9191
Facsimile: (506) 858-9177
E-mail: info@shareline.com
Web site: www.shareline.com

Cashing in on the home brewing trend

CHALLENGE: *To widen your trading area and grow your company as an independent retail shop in the increasingly popular and competitive hobby sector.*

SOLUTION: *Development of an interactive web site that opens the gate to the entire North American market.*

With wine- and beer-making having become popular hobbies, the number of home brewing supply stores that feed this hobby have multiplied. Just ask anyone at Eastern Beer and Wine Supplies Ltd. – the only locally owned home brewing wholesaler in Atlantic Canada – and its retail division, Vintopia Ltd.

Vintopia Ltd. opened its Atlantic-region flagship store, a state-of-the-art wine lover's paradise, in Halifax's Bayers Lake Business Park in April 1998. Shortly thereafter, it opened as a virtual store on the World Wide Web. "We knew when we opened Vintopia that we'd move pretty quickly into e-commerce," says Michael Oxner.

The reason was simple: Nova Scotia is a limited trading area. And Canada, with its growing proliferation of home brewing supply stores (2400, compared to only 800 in the United States as a whole), is an increasingly competitive market for these products. For Vintopia, selling on-line has opened the door to the entire North American market.

Vintopia.com is stocked with thousands of internationally branded products, including everything a seasoned vintner might need to brew a batch at home. It also sells clothing, books and videos on making wine, beer and liqueurs, and offers what it calls "the ultimate wine making directory," containing a host of frequently asked questions, explanations of terms, and tools such as charts to help home brewers get best results.

The site is equipped with a secure server, and was set up in partnership with a Halifax-based company which designed and built the site in exchange for a share of sales that it would generate. It's been a costly investment – in the "low five figures," according to Oxner. He spends roughly half his time keeping the site updated, a necessary task if one wants to succeed on-line.

"More and more people are shopping on-line," he says. "It's not dominating people's lives yet, but it's becoming a big part of them."

Oxner targeted the United States market from the beginning. Prices on the site are quoted in US dollars and shipping weights are listed in imperial measurements, not metric. Americans are about two years ahead of Canadians in shopping on-line, Oxner believes, perhaps partly because overcrowding in large American cities has made shopping a nightmare.

"When a customer from Atlanta placed an order with us for the first time, it was delivered to his door within five days. It was exactly what he wanted and he liked the price," he says. "He didn't have to fight traffic to drive across town, and he didn't have to compete with other shoppers to the point where he might be unable to find what he wanted."

> "Through the World Wide Web, our trading area has expanded from two million people in Atlantic Canada to more than 250 million people in North America."
>
> Michael Oxner
> President, Vintopia Ltd.

Oxner has found, in fact, that even though shipping costs cut into profits, competing on price with American suppliers is not difficult: a wine kit that sells in Canada for $45 will sell in the United States for US $45. The company's service is "seamless"; toll-free numbers given on the web site ring through the company's United States customs broker and parcel forwarder, landing directly in the Halifax office.

"What customers are looking for in a virtual store is similar to what they want in a regular store," says Oxner – "good prices, superior service and convenience." Oxner believes the key to success is to stock your virtual store with as many products as possible, and then to promote it. He buys banner ads on other web sites to direct traffic to his own. "Given our limited budget, we've found that this is the most effective way to advertise our site," he says.

Vintopia's on-line sales represent only one per cent of gross sales to date, but Oxner is optimistic that the proportion will increase. "There are few companies making money on the Internet right now," he says, "but it's an investment. We believe that 50 per cent of our revenue stream will be coming to us electronically in five years' time." The Eastern Beer & Wine/Vintopia Group has 11 employees.

While Vintopia.com, the on-line retail arm, is doing business-to-consumer e-commerce, Oxner's wholesale side, Eastern Beer and Wine Supplies Ltd. also has a web site (http://www.vintner-s.com) that is moving the wholesale operation in the same direction. Dealers can visit the site and use their password to access wholesale price changes and dealer information and promotions. "Half of our wholesale catalogue is now on the site," says Oxner. He believes that seamless e-interface will expand as more and more suppliers get on-line.

"We really believe that anyone in retail or wholesale will ultimately have to be involved in e-commerce. Somewhere along the line, their customers will demand it," says Oxner.

Vintopia Ltd.
Halifax, Nova Scotia
Telephone: (902) 450-1444
Facsimile: (902) 450-1445
E-mail: editor@vintopia.com
Web site: www.vintopia.com

VOCM Radio Newfoundland – click here!

CHALLENGE: *To make use of a new medium that can no longer be ignored – the Internet – to expand the listening audience and to increase revenues for a radio network and its advertisers.*

SOLUTION: *Development of a web site that attracts visitors because of its constantly changing news and information, and that links them directly with advertisers.*

VOCM Radio has been broadcasting throughout Newfoundland since 1936, as the self-proclaimed "voice of the common person." With nine radio stations in total on the AM and FM bands, the company has survived and grown over the years because of the corporation's willingness to adapt to changing technology.

Two years ago, the radio network was faced with another reality: the growth and expansion of the World Wide Web. "It was something that we felt we just couldn't ignore," says Randy Simms. "But we really had to think about what we could do with it."

The first step was to build a good web site. "Our primary product is news and information. So when we moved to the Internet, we designed our site to reflect our core business. The Internet became a marketing tool for our radio stations," says Simms.

But being on the Net costs money, so VOCM had to draw in advertisers. Advertisers can now buy space on the VOCM web site, in exchange for a direct link to their own home page.

"The majority of our advertisers have their own web presence, but generating traffic can be difficult," says Simms. "We help bring in prospective customers to our advertisers' web sites by constantly plugging our own web site on the radio, 24 hours a day."

An example: A local golf shop had been sponsoring a contest on the VOCM web page. The company reported that 80 per cent of its web site visitors came to them through clicking on their ads on the VOCM site and playing the trivia contest.

The next step for VOCM is business-to-consumer marketing – selling products on-line for advertisers. "Advertisers continue to view Internet retailing with some distrust. VOCM is hoping to capture this potential market by setting up our own storefront on the World Wide Web and inviting clients to put their products in our store. If we sell their products this way, the leap to wanting their own storefront is a short one," Simms says.

Simms believes that there is great potential for niche Internet marketing of Newfoundland products – everything from seal oil capsules to the latest in Newfoundland music and art. "In business, location is everything. We're saying to our clients, locate your business with us," says Simms.

Despite the popular belief that the Internet provides retailers with a world-wide market, Simms believes that most business activity will continue to occur closer to home. "It's natural to want to be on the Internet selling things in Korea. But I think it's more likely that local retailers will sell their products here in Newfoundland, and they can use the Internet to do it."

Simms admits that building a successful presence on the World Wide Web has not been without challenges. Convincing advertisers that an audience exists in cyberspace was not easy. The Net does not deliver a mass audience in the traditional sense. "Normally, you go to an advertiser and say, 'I have a listening audience of 25 000. Here's the price for your ad.' With the Internet, it doesn't work that way. It took us a year or so to learn that," he says.

A second challenge was obviously cost. Building the site, re-vamping it occasionally, hiring designers, building a second site for the FM station, and creating an 'e-mall' site accessible through both the VOCM and MAGIC 97 web sites have required substantial investment.

> "E-commerce is becoming a strong retail tool. We see our web site as a value-added product for our advertisers."
>
> Randy Simms
> Director of Community Affairs
> VOCM Radio

His advice for others? Make haste slowly. Don't jump on just any Internet bandwagon. Do your homework. Remember, this will cost you money. A web site should have a purpose beyond being a picture book for the company.

"Your presence on the World Wide Web should reflect your business, but it should also provide you with a means of making money," he says.

VOCM Radio
St. John's, Newfoundland
Telephone: (709) 726-5590
Facsimile: (709) 726-4633
E-mail: rsimms@nf.sympatico.ca
Web site: www.vocm.com

The Web works wonders for Wildland Tours

CHALLENGE: *To communicate rapidly with potential customers, and to create instant credibility, knowledge and reliability.*

SOLUTION: *Development of a web site that allows for quick response to customers, that reflects the educational backgrounds of company personnel, and that shows off your product with graphics and images.*

Wildland Tours has been offering nature tours in Newfoundland and Labrador since 1984. It's one of the few ways that non-Newfoundlanders may actually get a glimpse of huge caribou herds – or, according to the company Web site, "seabirds so plentiful they block the sun" – in the rugged wilderness of the province.

Until recently, Wildland Tours found customers through traditional means – a network of travel agents and holiday companies spread across the United States and Europe. In 1997, it discovered the convenience of e-mail, and later, the World Wide Web. The company now has a full-colour web site where potential customers can not only find information but also see the beauty of Newfoundland. They can also make reservations for an excursion.

"People who travel these days have very specialized interests," says Dave Snow. "Through e-mail and our web site, we've been able to answer their questions easily and quickly," he explains.

"For example, someone went into the office of a travel agent in the American state of Montana and asked if Newfoundland had puffins," he continues. "The agent didn't really know, but he could get on the site right away and actually show the potential customer pictures of puffins."

Or if an agent has a question he can't answer, he can send off an e-mail right away. Snow has e-mail at home and in the office, so the person gets a quick response. E-mail also makes it convenient to communicate with people in different time zones. Sixty per cent of company business comes from Europe, 30 per cent from the United States, and the rest from Canada.

Snow estimates that the web site has increased business by 10 per cent since its establishment, representing dramatic growth in a short period of time. Even people who book a trip in the traditional way visit the site first as part of their information-gathering process. "It makes them feel more confident about spending their money," says Snow.

Snow believes that using the Internet will becoming increasingly important for people in his line of work. In his view, it's important that the site be of professional quality. "The Internet is a very good way to potentially give a lot of people a very favourable impression of you and your business," he says.

"The World Wide Web allows us to provide more individual client service. It also gives our suppliers a better tool to sell Newfoundland as a destination."

Dave Snow
Owner, Wildland Tours

The site is not yet set up with a secure server, although the company is looking to move in that direction as the technology develops and prices drop. Snow says the initial cost to set up the site and pay for the domain name was approximately $2,000, so it did not represent a significant investment for the company. The site is updated on a regular basis.

Wildland Tours is a division of Wildlands and Oceans Ltd., which also operates a gift shop called Wild Things, an events planning division and a tourism consulting business. E-commerce has been useful for these divisions as well.

Wild Things is a shop specializing in nature art, pottery and gifts. It's located on Water Street in St. John's and also on the World Wide Web. Shoppers can buy a wide selection of Newfoundland art and giftware on-line, including what has been described as "the province's most striking hand-knit puffin sweater."

On-line sales are small but growing. "It makes up for slow periods during the year," says Snow. The Internet has also been useful for intelligence-gathering for tourism consulting.

"A lot of our business still comes the traditional way," he adds, "although the World Wide Web is certainly changing that."

Wildland Tours
St. John's, Newfoundland
Telephone: (709) 722-3123
Facsimile: (709)722-3335
E-mail: wildtour@nfld.com
Web site: www.wildlands.com

Key Contacts for Getting into Electronic Commerce

E-Business in Atlantic Canada:
The Knowledge Economy in Action

Industry Canada offers Strategis, Canada's most comprehensive business website, at http://strategis.ic.gc.ca. It contains information on E-com policy. Practical advice on how to get into electronic commerce is available at http://e-com.ic.gc.ca.

Canada Business Service Centres offer an integrated federal/provincial business information and referral service, jointly managed on the federal side by Industry Canada; Atlantic Canada Opportunities Agency; Western Economic Diversification; and Canada Economic Development for Quebec Regions. Visit http://www.cbsc.org, or call 1-888-576-4444.

The **Canadian Technology Network** offers counselling on business technology and will direct you to other information sources. Find out more on-line at http://ctn.nrc.ca, or by calling 1-888-CTN-0001.

The **Industrial Research Assistance Program** (of Canada's National Research Council) helps small and medium-sized Canadian businesses create and adopt innovative technologies that yield new products, create high quality jobs, and make industry more competitive. Visit http://www.nrc.ca/irap, or call 1-877-994-4727.

Business Development Bank of Canada's more than 80 branches deliver financial and consulting services to Canadian businesses, focussing on emerging and export sectors. BDC's techno.net loan offers term loans from $25,000 to $500,000 to establish E-com capacity. Go to http://www.bdc.ca, or call 1-888-INFO-BDC (1-888-463-6232).

Industry Canada's **Student Connection Program** provides small and medium-sized businesses with a hands-on, customized Internet training ranging from the very introductory to advanced search techniques, website design, and Internet banking. Visit http://www.scp-ebb.com, or call 1-888-807-7777.

The **Community Access Program** (CAP) provides Internet access through community-based facilities such as libraries, schools and other suitable locations. Check it out at http://cap.ic.gc.ca.

Team Canada Inc: The Internet instantly makes your company global. For more information on exporting and international business development services, go to http://exportsource.gc.ca, or call 1-888-811-1119.